F I N D I N G S

A Richer World Wants A Richer Diet

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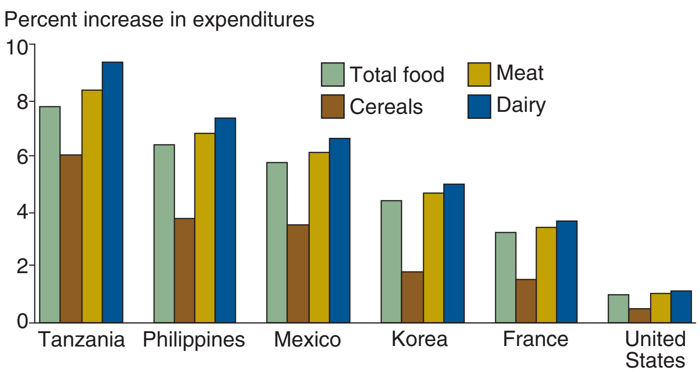
A number of forces, such as income, urbanization and population growth, are changing the way the world eats. Of these forces, income—both its level and growth—has had the greatest effect. Per capita income levels have more than doubled in many countries over the past two decades. While purchasing power has increased generally across countries, patterns of food demand and household spending on food differ dramatically between low- and high-income countries. Consumers in low-income countries spend a larger share of their overall household income on necessities such as food and clothing, while consumers in wealthier countries spend a bigger share of their overall household budget on housing, services (such as education), and luxury items (such as recreation).

Although the share of household income spent on food varies among countries at different income levels, demand for high-value foods—such as meat and dairy products—is growing across all income levels. Food expenditure shares for meat and dairy products are higher in high-income countries than in low-income countries, where staple foods such as breads and cereals account for 27 percent of the total food budget versus 12 percent for high-income countries.

What would be the result of a 10-percent rise in incomes?



Consumers in low-income countries also make greater adjustments in their household spending on food when incomes and/or prices change. For example, when household incomes increase by 10 percent, an average consumer in Tanzania increases spending on food by 8 percent. Spending on food would increase by 6.5 percent in the Philippines, and just 1 percent in the United States. Likewise, if food prices increase, food spending declines the most in Tanzania and the least in the U.S. Across all countries, price and income increases result in smaller adjustments for staple food items than for higher-valued food items such as meat and dairy products.

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This finding is drawn from . . .

International Evidence on Food Consumption Patterns, by James Seale, Anita Regmi, and Jason Bernstein, TB-1904, USDA/ERS, October 2003, available at: www.ers.usda.gov/publications/tb1904/


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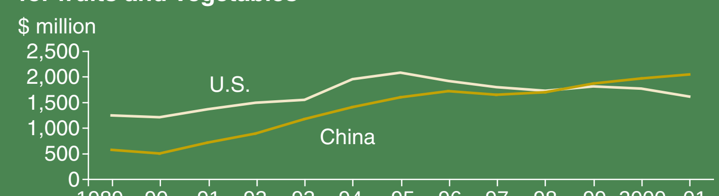
China's Vegetable Exports Challenge the U.S. in Japan's Market

Technological investments in China's vegetable sector and port facilities have paved the way for an expansion in its vegetable exports, particularly to Japan, where China and the United States have long been the two leading fruit and vegetable suppliers. In 1999, China displaced the United States as the leading supplier for Japan, and has since improved that position.

Japan is second only to Canada as the top market for U.S. fruits and vegetables, receiving $1.3 billion—or nearly one-fifth—of U.S. fruit and vegetable exports during 1999-2001. French fries, processed sweet corn, and fresh produce such as grapefruits, cherries, oranges, and broccoli are top U.S. exports to Japan. In fact, Japan led the rapid export growth of U.S. produce to Asia between the mid-1980s and mid-1990s, when advances in transportation, shipping, and handling enabled trade in fresh, versus processed, fruits and vegetables. Asia surpassed the European Union as the leading destination for U.S. fruit and vegetable exports outside North America in the early 1990s.

China surpassed the U.S. in Japan's import market for fruits and vegetables



China targeted Japan as its top market for fresh and processed vegetables during the 1990s. Starting with a 6-percent share of Japan's fresh vegetable import value in 1990, China became Japan's